

## Investment Objectives & Approach

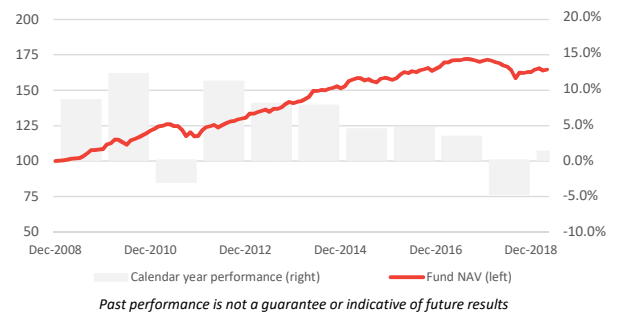
The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (incl. cash, deposits, bonds, equities, other investment funds, derivatives). The Fund's assets shall be invested globally, with a focus on Central and Eastern Europe. The Fund's risk level and portfolio allocation shall vary over time in accordance with the views of Avaron investment managers. Overall investors should accept that relatively high risk is associated with investing into the Fund. There is no guarantee that investors will get back the amount invested. The Fund is suited to an investor who does not want to follow the markets daily himself or herself and wishes the Avaron investment team to decide the allocation of each asset class (equities, bonds, deposits). Fund units can be redeemed with prior notice of 7 or 30 calendar days. However, arising from the Fund's investment strategy an investor should have an investment horizon of at least 3 years. Should the horizon fall below three years, investor should consider exiting the Fund.

## Fund Manager's Comment, April 2019

Rally in global equities continued for the 4th consecutive month as investors shrug off the deteriorating economic fundamentals amid prevailing belief that central banks will come to the rescue if needed. Fear of missing out contributed massively to the exuberant momentum in April. Emerging Europe (MSCI EFM EUROPE + CIS (E+C) ex Russia) underperformed once again gaining only 0.9% in € terms in April (MSCI World +3.4%, MSCI Global Emerging Markets +2%). Although equity prices in Turkey rose 1.7% in April, the Turkish lira dropped 6.6%, pushing euro-returns of the equity market to -4.9%. Investors fear that the already fragile lira could face a new bout of volatility should the central bank embark on a policy easing path. Fixed income returns were mixed with US, global emerging market and high yield bonds showing the best returns.

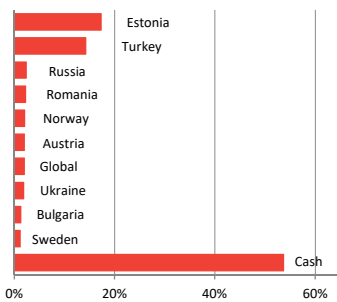
Avaron Flexible Strategies Fund NAV increased 0.5% due to rising stock prices. Year to date the Fund is up 1.2%. As at the end of the month 13% of the Fund was invested in equities, 32% in bonds, 2% in commodities and 53% was in cash and deposits. Portfolio companies trade on average 9.3x 12 month forward-looking earnings and offer 7% dividend yield. Portfolio bonds carry 6.6% yield to maturity of 2.5 years.

## Performance since launch

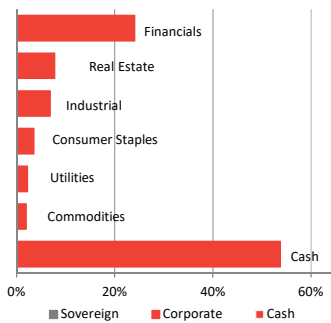


Performance overview	Net return	Calendar year net return
1 month	0.5%	2018 -4.8%
YTD	1.2%	2017 3.3%
3 months	0.0%	2016 4.5%
6 months	1.5%	2015 4.4%
1 year	-2.7%	2014 7.6%
3 years	1.2%	2013 7.9%
5 years	13.3%	2012 11.0%
7 years	31.2%	2011 -3.1%
10 years	62.2%	2010 12.1%
Since inception	64.8%	

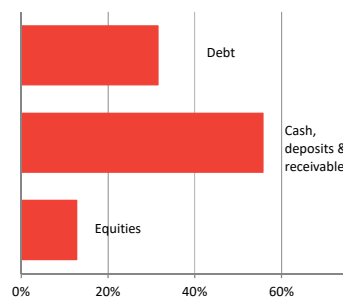
## Geographic breakdown



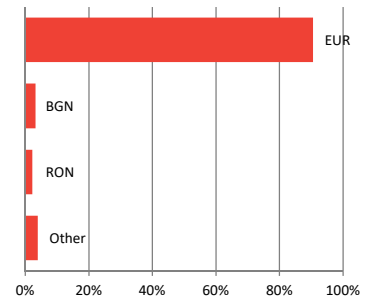
## Sector breakdown



## Asset class breakdown



## Net currency breakdown



## Country allocation

	Apr-19	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Estonia	17.3%	0.0%	-2.9%	-3.5%	7.1%	9.5%
Turkey	14.3%	-1.8%	-1.8%	-2.7%	9.2%	9.5%
Russia	2.4%	0.1%	0.0%	0.2%	2.4%	2.4%
Romania	2.2%	0.1%	0.4%	0.4%	-0.3%	-1.7%
Norway	2.1%	0.0%	0.0%	0.3%	2.1%	2.1%
Austria	2.0%	0.1%	0.1%	-2.4%	0.9%	2.0%
Global	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Ukraine	1.8%	0.0%	0.1%	0.4%	1.8%	1.8%
Others	2.1%	-0.1%	-1.0%	-1.2%	-67.2%	-59.6%

## Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Estonia	0.2%	0.2%	1.6%	0.6%	3.2%	4.4%
Turkey	0.1%	0.1%	-0.5%	0.7%	-0.9%	0.9%
Russia	0.1%	0.0%	-0.1%	0.5%	-0.6%	-0.6%
Romania	0.1%	0.4%	0.2%	0.2%	1.2%	1.6%
Norway	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Austria	0.1%	0.1%	-0.2%	0.2%	0.4%	1.0%
Global	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ukraine	0.0%	0.1%	0.2%	0.2%	0.2%	0.2%
Others	0.1%	-0.4%	-2.2%	-0.5%	2.7%	15.2%

## Risk metrics

Volatility	2.2%
Sharpe ratio	1.28

## Sector allocation

	Apr-19	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Financials	24.1%	-1.6%	-0.6%	0.3%	17.9%	22.9%
Real Estate	7.8%	0.0%	-2.8%	-5.4%	0.5%	5.6%
Industrial	6.9%	1.8%	1.9%	5.4%	6.9%	6.9%
Consumer Staples	3.6%	0.0%	-0.1%	0.1%	3.6%	3.6%
Utilities	2.2%	0.1%	0.4%	0.4%	-0.3%	-4.3%
Commodities	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Consumer Discretionary	0.0%	-1.7%	-1.8%	-5.9%	-4.6%	-6.8%
Others	0.0%	0.0%	0.0%	-3.2%	-68.1%	-61.9%
FX Derivatives	-0.3%	0.0%	1.8%	0.1%	-0.3%	-0.5%
Cash	53.7%	-0.7%	-0.9%	6.2%	42.4%	32.5%

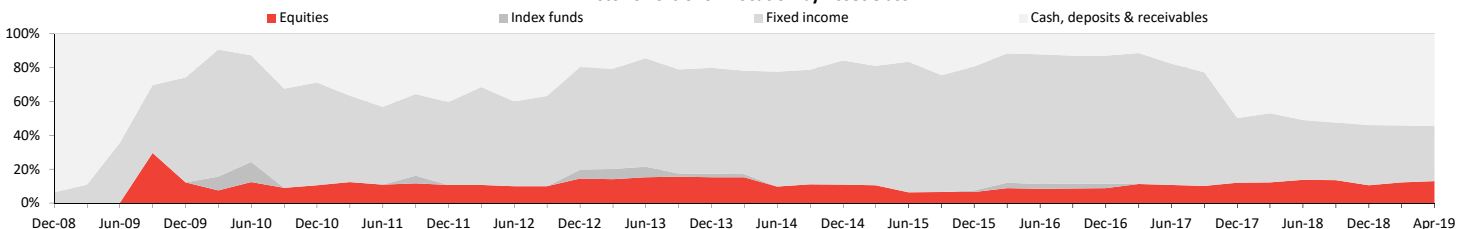
## Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Financials	0.4%	0.4%	0.2%	1.2%	0.9%	1.8%
Real Estate	0.1%	0.3%	0.2%	0.4%	1.7%	2.4%
Industrial	0.1%	0.2%	0.6%	0.3%	0.6%	0.6%
Consumer Staples	0.0%	0.0%	-0.3%	0.3%	-1.0%	-1.0%
Utilities	0.1%	0.4%	0.2%	0.2%	1.2%	2.1%
Commodities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumer Discretionary	0.0%	-0.1%	0.2%	0.0%	0.7%	1.6%
Others	0.0%	0.0%	0.1%	0.0%	3.8%	17.0%
FX Derivatives	0.0%	-0.6%	-2.2%	-0.7%	-1.9%	-1.7%
Cash	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%

## Fund statistics

Number of positions	23
Top5	18.0%
Top10	28.2%

## Historic Portfolio Allocation by Asset Class



**Fund Facts - Avaron Flexible Strategies Fund**

<b>Investment Manager</b>	AS Avaron Asset Management	<b>Min. Investment</b>	-
<b>Fund type</b>	non-UCITS, public common alternative investment fund	<b>Front-end load</b>	-
<b>Asset class</b>	Flexible, all asset classes	<b>Management fee</b>	1.25%
<b>Launch date</b>	December 17, 2008	<b>Performance fee</b>	10% over EURIBOR 12-months, annual reset (Dec 31)
<b>Domicile</b>	Estonia	<b>Back-end load (to the fund)</b>	Rate depends on advance notice period - Advance notice 7 calendar days: 1.5% - Advance notice 30 calendar days: 0%
<b>Currency</b>	EUR	<b>Bloomberg ticker</b>	AVFLXSB ET
<b>Dividends</b>	reinvested	<b>Contact Information</b>	<b>Avaron Asset Management</b> Narva mnt 7D, 10117 Tallinn ESTONIA Phone: +372 66 44 205 Fax: +372 66 44 201  E-mail: <a href="mailto:info@avaron.com">info@avaron.com</a> <a href="http://www.avaron.com">www.avaron.com</a>
<b>Fund size, MEUR</b>	10.1	<b>See Lipper, TK Valoren tickers:</b>	<a href="http://www.avaron.com/fundfacts_flex">www.avaron.com/fundfacts_flex</a>
<b>Total AUM, MEUR</b>	375.5	<b>Unit</b>	<b>ISIN Code</b> <b>NAV 30-Apr-2019</b> EE3500100922                      16.4767 EUR
<b>Cut-off subscriptions</b>	10am CET	<b>Fund documents &amp; prospectus</b>	<a href="http://www.avaron.com/documents">www.avaron.com/documents</a>
<b>Cut-off redemptions</b>	10am CET, notice period 7 or 30 calendar days (redemption price will be fixed after the notice period)		
<b>NAV frequency</b>	Daily dealing, T+3		
<b>Public offering</b>	Estonia		
<b>Supervised by</b>	Estonian FSA		
<b>Custodian</b>	Swedbank AS		
<b>Transfer agent</b>	Swedbank AS		
<b>NAV calculation</b>	Swedbank AS		
<b>External auditor</b>	KPMG		
<b>Internal auditor</b>	PWC		

**About Avaron Asset Management**

Avaron Asset Management (founded in 2007) is an independent management-owned investment manager with a clear focus on stock-picking (bottom-up) and value investing in Emerging Europe region. We aim to deliver positive risk-adjusted return to our clients over the market cycle. Our portfolios are long-only and invest in listed stocks.

Investment ideas are generated through in-house proprietary research of approximately 250 Emerging Europe companies, backed by regular on the ground visits and meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models that we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 20 professionals (including 11 in the investment team), based in Estonia and Poland, takes care of around 400 million euros of mainly professional investor assets.

We adhere to the UN Principles for Responsible Investment (PRI) and are supervised by the Estonian Financial Supervision Authority.



**Kristel Kivnurm-Priisalm**  
Managing Partner,  
CEO & COO



**Peter Priisalm**  
Partner, co-CIO,  
Investment Manager



**Valdur Jaht**  
Partner, co-CIO,  
Investment Manager

**Important Legal Information**

**For All Investors:** This material has been drawn up by AS Avaron Asset Management (hereafter: Avaron), a fund management company registered in Estonia which is authorised and supervised by the Estonian Financial Supervision Authority. The contact details of Avaron are as follows: address Narva mnt 7D, 10117 Tallinn, Estonia; phone +372 6644 205; fax +372 6644 201; e-mail [avaron@avaron.com](mailto:avaron@avaron.com). This material is the copyright property of Avaron, unless noted otherwise, and all rights are reserved. This material contains data and facts on investments and funds managed by Avaron, which are provided for information purposes only. No investment advice is offered or given by Avaron to persons using this material. This material is complimentary to and not a substitute for independent professional advice from a person qualified to provide it in your home country. Reliance on this material for the purpose of buying the securities to which this material relates may expose a person to a significant risk of losing all of the property or other assets invested. The information herein is, to the best of the knowledge of Avaron, in accordance with the facts. However, Avaron, none of its affiliates, directors or officers accept any liability in respect of the accuracy or completeness of any information herein, or omitted to be included herein, or any information provided, or omitted to be provided, by any third party. All information and expressions of opinion contained in this material are subject to change without notice.

Subscription of Avaron funds should be made on the basis of the funds' prospectus and key investor information, the relevant fund rules and the latest available annual or semi-annual reports. These documents can be obtained from Avaron. Past performance is not indicative of future results. The value of investments and any income derived from the funds may fall as well as rise and investors may not get back the amount invested. An investment in the funds entails risks, some of which are described in the prospectuses of the funds. Investors should be aware of the high risks associated with investments in emerging markets such as Emerging Europe. This material may include forward looking statements which are based on Avaron's current opinions, expectations and projections. We undertake no obligation to update or revise any forward looking statements. Actual results could differ materially from those anticipated in the forward looking statements. Any dispute, controversy or claim arising out of or in connection with the information provided in this material shall be settled in accordance with Estonian law exclusively in Estonian courts.

This material does not constitute or form part of a distribution or an offer or solicitation to buy or sell any securities (in particular, shares or units in any of Avaron funds) to any person in any jurisdiction in which such distribution, offer or solicitation would be contrary to local law or regulation.

**For US Investors:** The information herein is not for distribution, and does not constitute an offer to sell or buy, or the solicitation of any offer to sell or buy, any securities in the United States of America or to or for the benefit of United States persons (within the meaning of Regulation S under the Securities Act of 1933).

**For UK Investors:** In relation to persons in the United Kingdom, the information herein is directed only at Investment Professionals in the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. This material should not be relied on by persons in the United Kingdom who are not Investment Professionals. Any investment or investment activity to which this material relates is available in the United Kingdom only to Investment Professionals and will be engaged in only with Investment Professionals.